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MEMORANDUM FOR: Deputy Director (Support)

7 Sept 78

SUBJECT: Applicability of Public Law 594, 84th Congress, to the  
Central Intelligence Agency

## REFERENCES:

(1) Civil Service Commission Departmental Circular No. 660,  
Supplement No. 1, subject: Enactment of H.R. 3255  
(P.L. 594) — Providing for a saved rate of com-  
pensation for certain employees under the Classification  
Act, dated 13 July 1956.

(2) Memorandum from Assistant General Counsel to the Director  
of Personnel, subject: Application to CIA Public Law  
594, 84th Congress, dated 17 August 1956.

1. This memorandum contains a recommendation to the Deputy Director  
(Support). Such recommendation is contained in paragraph 6.

2. Public Law 594, 84th Congress, amends the Classification Act to  
provide for a saved rate of compensation for certain employees under the  
Classification Act. In brief, it requires the mandatory retention of an  
employee's existing rate of basic compensation following demotion from a  
higher Classification Act grade (other than GS-16, 17, or 18) to a lower  
Classification Act grade due to the reclassification of his position. For  
this purpose, the term "reclassification" is interpreted in its technical  
sense as a regarding of the position without a significant change in duties  
or responsibilities.

3. Provision is made for retroactive adjustment for actions affecting  
employees in both competitive and excepted positions and occurring on or after  
1 July 1954, but not for paying the employee at the adjusted rate prior to  
the first pay period following 18 June 1956 (1 July 1956 for this Agency).  
This Office is now ascertaining whether any employees demoted for the reasons  
listed in paragraph 2, above, since 1 July 1954, are eligible for restoration  
of salary rate. However, prospective actions covered by the law include only  
those affecting employees serving under career-conditional or career appoint-  
ments in the competitive service.

4. While it is expected that very few of the Agency's employees would  
be affected by the provisions of the law, it was considered advisable to  
explore its possible application to CIA, with respect to prospective actions.

~~CONFIDENTIAL~~D. J. S. *Deputy Director*

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In the referenced memorandum from the Office of General Counsel, the opinion was expressed that while the Agency is not directly subject to the statute due to its exemption from the Classification Act, there is no reason which would preclude the adoption of the prospective nature of P.L. 994, since the Director of Central Intelligence is authorized by the Commission of employees, and since it is his expressed policy that the Agency shall adhere to the provisions of the Classification Act as closely as possible.

3. The Office of the General Counsel stated further that "the statutory language could be adopted as Agency policy by enacting it in a regulation, which regulation could be authenticated by the Deputy Director (Support)." 4. As a means of an existing regulation into which this provision might properly be included, it was considered that approval by the Deputy Director (Support), of the administrative adoption of the provisions of P.L. 994 would be sufficient authority for this Office to utilize the provisions should a new statute come within its scope.

5. It is recommended that the proposed adoption of the provisions of P.L. 994 for application to the Agency be approved.

(S)

Heriberto G. Reynolds  
Director of Personnel

## Attachment:

1. Departmental Circular No. 260 (SI)  
2. Memo from DCI, dated 17 Aug 1956

Approved:

(signed) H. Gates Lloyd

SEP 11 1956

Acting Deputy Director (Support)

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ORIGINAL DOCUMENT MISSING PAGE(S):

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